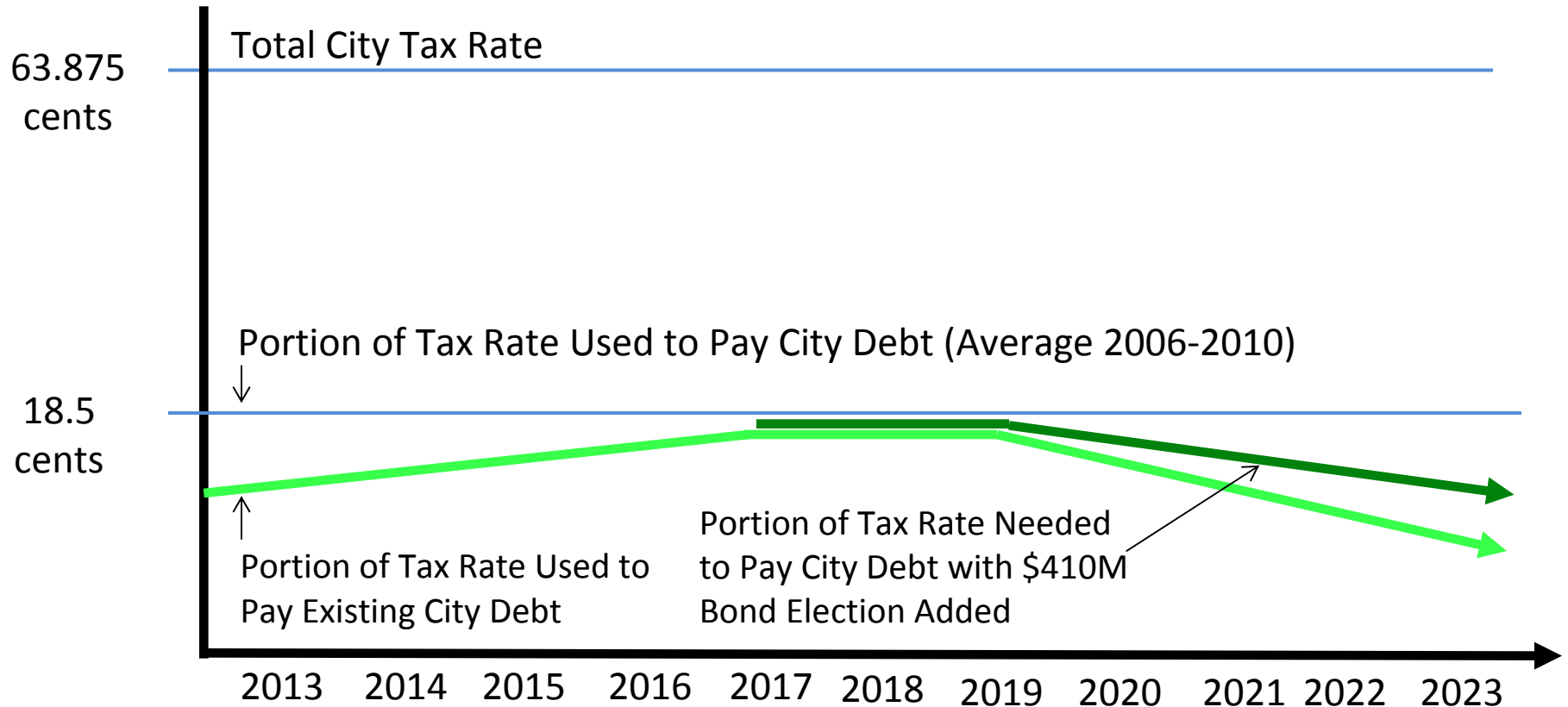
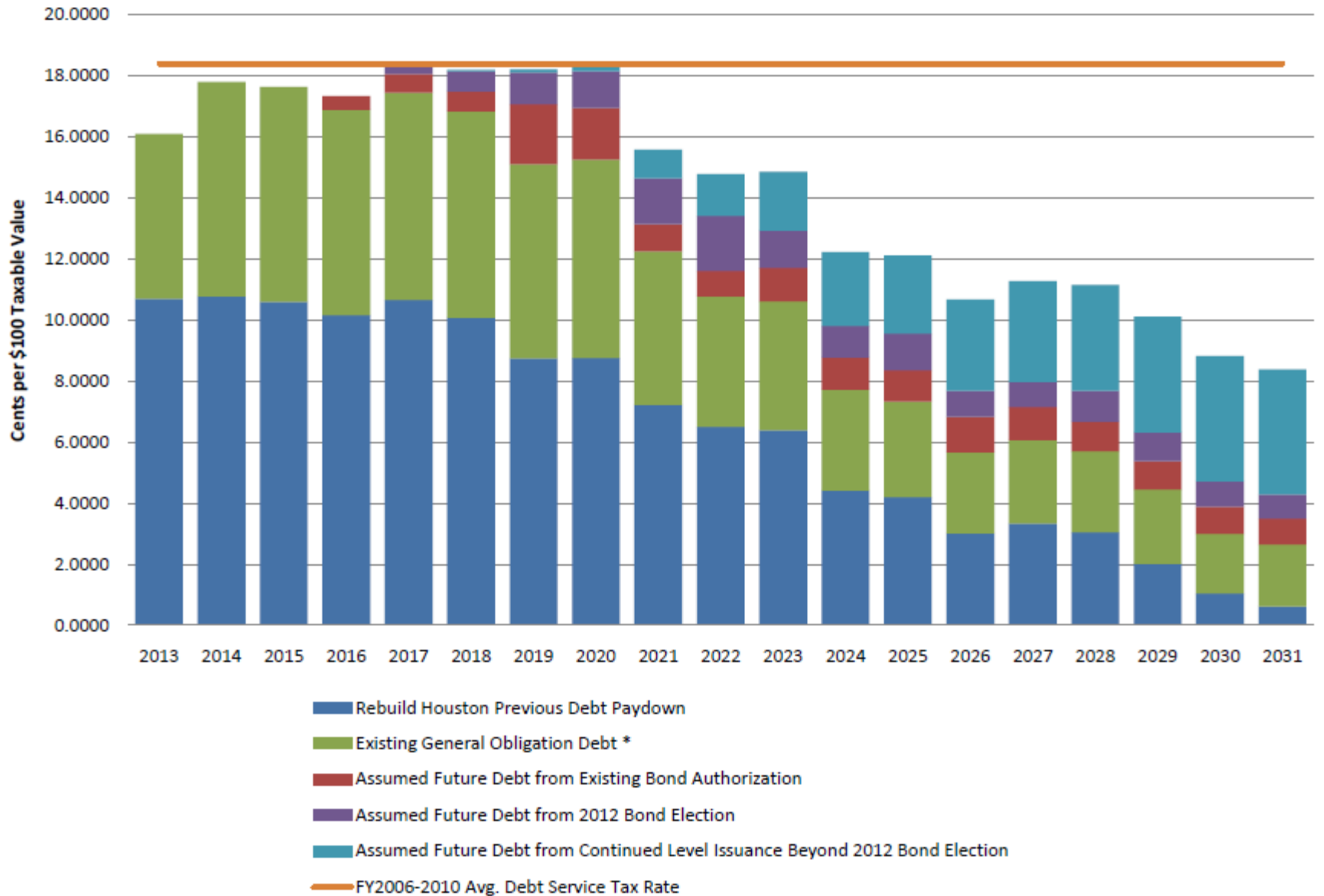


No Tax Rate Increase to Support \$410 Million City of Houston Bond Issuance



- All tax rates are expressed in cents per \$100 Appraised Value (Less Exemptions).
- All years are expressed in fiscal year ending June 30 that year.
- Debt associated tax rate lines including \$410M and level future debt issuance (in light and dark green) is approximate. See following slides for exact debt service tax rates and transfers.

Projected Debt Service Property Tax Rate



Based on analysis provided to City Council on August 14, 2012

Projected Debt Service Tax Rate
(Cents per \$100 of Taxable Value)

Fiscal Year	Rebuild Houston Previous Debt Paydown	Existing General Obligation Debt *	Assumed Future Debt from Existing Bond Authorization	Assumed Future Debt from 2012 Bond Election	Assumed Future Debt from Continued Level Issuance Beyond 2012 Bond Election	TOTAL Debt Service Tax Rate
2013	10.7096	5.3952	0.0000	0.0000	0.0000	16.1048
2014	10.7729	7.0252	0.0000	0.0000	0.0000	17.7981
2015	10.5968	7.0484	0.0000	0.0000	0.0000	17.6452
2016	10.1637	6.7309	0.4458	0.0000	0.0000	17.3404
2017	10.6600	6.7947	0.6064	0.3537	0.0000	18.4149
2018	10.0779	6.7630	0.6551	0.6657	0.0407	18.2024
2019	8.7448	6.3642	1.9642	1.0349	0.1034	18.2115
2020	8.7631	6.4920	1.6937	1.2041	0.3191	18.4720
2021	7.2216	5.0263	0.8990	1.4970	0.9466	15.5905
2022	6.5115	4.2629	0.8336	1.8123	1.3624	14.7827
2023	6.3988	4.2195	1.0940	1.2157	1.9257	14.8537
2024	4.4128	3.3031	1.0547	1.0440	2.4231	12.2377
2025	4.2005	3.1337	1.0204	1.2036	2.5588	12.1170
2026	3.0093	2.6523	1.1764	0.8457	2.9990	10.6827
2027	3.3377	2.7239	1.0940	0.8156	3.3161	11.2873
2028	3.0404	2.6671	0.9659	1.0069	3.4724	11.1527
2029	2.0114	2.4476	0.9287	0.9351	3.7900	10.1128
2030	1.0457	1.9566	0.8918	0.8164	4.1175	8.8280
2031	0.6193	2.0347	0.8514	0.7818	4.1015	8.3887

* Net of other revenues received such as transfers from the Combined Utility System for Annexed Water District debt.

Based on analysis provided to City Council on August 14, 2012

Projected General Fund Transfer for Debt Service

Fiscal Year	Rebuild Houston Previous Debt Paydown	Existing General Obligation Debt *	Assumed Future Debt from Existing Bond Authorization	Assumed Future Debt from 2012 Bond Election	Assumed Future Debt from Continued Level Issuance Beyond 2012 Bond Election	TOTAL General Fund Transfer
2013	150,163,000	75,648,000	-	-	-	225,811,000
2014	156,856,000	102,289,000	-	-	-	259,145,000
2015	160,230,000	106,577,000	-	-	-	266,807,000
2016	159,605,000	105,699,000	7,000,000	-	-	272,304,000
2017	173,861,000	110,818,000	9,891,000	5,769,000	-	300,339,000
2018	171,514,000	115,098,000	11,150,000	11,329,000	693,000	309,784,000
2019	155,307,000	113,027,000	34,884,000	18,381,000	1,836,000	323,435,000
2020	162,418,000	120,325,000	31,393,000	22,316,000	5,914,000	342,366,000
2021	139,692,000	97,227,000	17,390,000	28,956,000	18,311,000	301,576,000
2022	131,464,000	86,064,000	16,830,000	36,590,000	27,507,000	298,455,000
2023	134,843,000	88,918,000	23,053,000	25,619,000	40,580,000	313,013,000
2024	97,068,000	72,657,000	23,200,000	22,964,000	53,300,000	269,189,000
2025	96,452,000	71,955,000	23,431,000	27,636,000	58,756,000	278,230,000
2026	72,134,000	63,576,000	28,200,000	20,270,000	71,889,000	256,069,000
2027	83,523,000	68,163,000	27,377,000	20,410,000	82,982,000	282,455,000
2028	79,434,000	69,679,000	25,235,000	26,306,000	90,718,000	291,372,000
2029	54,865,000	66,761,000	25,332,000	25,506,000	103,378,000	275,842,000
2030	29,780,000	55,723,000	25,397,000	23,251,000	117,261,000	251,412,000
2031	18,414,000	60,505,000	25,317,000	23,247,000	121,963,000	249,446,000

* Net of other revenues received such as transfers from the Combined Utility System for Annexed Water District debt.

Based on analysis provided to City Council on August 14, 2012

Bond Issuance & Projected Debt Service Assumptions

- Projected future debt related to existing bond authorization is based on the Adopted FY2013 - 2017 Capital Improvement Plan.
- Projected future debt related to the 2012 bond election is based on the Adopted FY2013 - 2017 Capital Improvement Plan and assumed similar levels of capital usage beyond FY2017, until the 2012 bond authorization is exhausted.
- Bond interest rates for equipment portions begin at 2.5% in FY 2013 and increase by 0.25% each fiscal year. Interest rates for capital project financings begin at 4% and increase by 0.25% each fiscal year until they've reached 5.50% at which point they are held constant.
- Commercial Paper interest rates begin at 1.00% in FY2013 increase by 0.25% each fiscal year.
- Investment rates are 0.25% above the assumed commercial paper rates.
- The ratio of variable rate debt to total debt is based on the City's financial policy of 20%.
- Amortization lengths depend on the proportional share of equipment and capital projects as contained in the Adopted FY2013 – 2017 Capital Improvement Plan. The bonds are generally amortized to produce level annual debt service during the principal amortization period with a final maturity of 20 years for the capital portions and approximately 5.5 yr. average life for equipment portions.
- Issuance is assumed in March of each year.
- All bonds assume costs of issuance of 0.75% of bond par amount.
- Tax collections are 100% based on historical data showing collection plus delinquencies and penalties have consistently exceeded 100%.
- All of the Annexed Water District Debt has been refunded by Public Improvement Bonds. The Water & Sewer transfer in Other Revenue Sources covers these debt service payments.
- Commercial paper interest expense equals the applicable interest rate multiplied by the projected average annual balance and includes all costs associated with commercial paper.
- Due to the timing of property tax collections, a continued annual set-aside is required to cover fixed rate debt service scheduled in the first 7 months of each fiscal year.
- Estimated average annual balance of commercial paper is based on assumed uniform project draws throughout each year.
- Continued access to tax-exempt financing.
- The above assumptions are based on current and past conditions and do not guarantee future results. The cash flows will change based upon actual market conditions, the relationship between fixed and variable rate debt, the timing of projects and the actual market investment income.